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SUBJECT: TWO MOVES AGAINST THE THAI MEDIA: NEWSPAPER AVOIDS
TAKEOVER BUT TV SHOW GETS THE AXE

REF: A. (A) BANGKOK 5940

1B. (B) BANGKOK 5917

11. (U) SUMMARY. On September 12, Thai entertainment tycoon Paiboon Damrongchaitham of GMM Grammy shocked Thailand by attempting a hostile takeover of the Matichon Group, as well as buying up a large stake in The Bangkok Post (Ref A). Press freedom advocates, academics and the political opposition strongly condemned the move, going so far as to threaten a boycott of Grammy products. Unlike other recent cases of press intimidation, the story stayed on the front pages of the news and on September 17, Paiboon agreed to sell back 14 percent of its newly acquired Matichon shares back to the paper founder. The Bangkok Post has yet to ward off Paiboon, but may have an offer from Robert Kuok, the owner of Hong Kong's South China Morning Post, who is close to Beijing. This rare victory for civil society was tempered somewhat as a popular political TV program was canceled by a state-run channel on September 15, on the pretense that the host had made inappropriate remarks by characterizing the views of the royal family. In his weekly press conference, PM Thaksin insisted he had not been involved in either matter. END SUMMARY

12. (U) On September 12th, Thai entertainment tycoon Paiboon Damrongchaitham of GMM Grammy shocked journalists and press freedom advocates by announcing that he had bought up 32 percent of the parent company of Matichon and 24 percent of the parent company of the Bangkok Post (Ref A). He also announced plans to take over an additional 43 percent of the Matichon Group, eventually hoping to control 100 percent of company shares. Paiboon, who is known to be close to PM Thaksin Shinawatra, alleged the move was purely a business matter and that all media enterprises under his control would be able to maintain complete editorial independence. Thai civil society leaders immediately cried foul, recalling the 2000 takeover of independent TV station iTV by Shincorp, which resulted in a sharp decrease in the station's critical coverage of the government. [NOTE: Shincorp is owned by the family of PM Thaksin. END NOTE]

13. (U) Press freedom advocates, academics and the political opposition immediately condemned the purported buyout, with some even talking of a boycott of Grammy products. After several days of negative publicity, Paiboon decided the hostile takeover was more trouble than it was worth and agreed both to refrain from making further acquisitions of Matichon stock and to sell back 14% of its new shares back to the paper founder Khanchai. Paiboon still intends to hold on to a 20 percent stake in Matichon, and GMM Grammy is expected to have a seat on the company's board, leaving the door open for the company and its allies to potentially wield a fair amount of influence. For this reason, many are calling on Paiboon to divest himself completely of shares in both newspapers to prove that he has truly given up on any ambitions to control the newspaper.

PAIBOON BACKS DOWN, MATICHON REVEALS IN VICTORY

14. (U) Unlike many previous freedom of the press stories, the takeover of the Thai-language Matichon garnered widespread national attention and stayed on the front pages of the Thai- and English-language dailies for several days. Even after Paiboon agreed to halt his takeover of Matichon, the Thai- and English-language editorial pages were filled with articles hailing Grammy's retreat as a victory for Thai civil society and a warning that businesses with political connections were interested in controlling the nation's newspapers. Khanchai Boonpan, Matichon's founder, and the Thai press have been seen as the biggest winners after the botched takeover. A September 19th Matichon editorial promised readers that "regardless of a 20 percent thorn in our flesh, we shall not change for the worse."

BANGKOK POST: BEING SOLD DOWN THE RIVER TO CHINA?

15. (U) Although the announcements were made the same day, there was significantly less media attention given to Paiboon's takeover of 25 percent of the English-language Bangkok Post. Whereas the staff of Matichon could be seen linking hands on the front pages of newspapers, the Bangkok Post issue was often relegated to background material, even when they staged a rally at Government House on September 20. On September 22, The Nation reported that Robert Kuok, who owns the South China Morning Post, Hong Kong's leading English-language newspaper, was considering making an offer on Paiboon's newly acquired shares. Billionaire Kuok already controls a 20 percent stake in the

Post's parent company, and is known to be very close to Beijing.

SETBACKS: POPULAR POLITICAL TV PROGRAM FORCED OFF THE AIR

16. (U) In marked contrast to the Matichon victory, September 15th saw the cancellation of popular political television program "Muang Thai Rai Sapdaa" (Thailand Weekly) hosted by respected journalist and businessman Sondhi Limthongkul, and a former loyal supporter of the PM. The state-run Channel 9 said the show had been canceled because Sondhi had made inappropriate remarks with regard to the royal family. In his program, Mr. Sondhi implied on numerous occasions that the King was angry with the TRT government for exercising powers which are constitutionally reserved to the crown, in the ongoing controversy over the designation of a national Auditor-General (Ref B). The program had been on the air over a year, and was popular among the politically savvy Thai elite. Mr. Sondhi angrily denounced the cancellation, and moved his show to ASTV Channel 1, a private satellite TV station which is estimated to have fewer than 1000 subscribers. In his own symbolic act of protest, Sondhi has sued MCOT, the state regulating body, for one baht (less than three cents) for criminal and civil libel, and planned to file another for lost wages. Several Democrat Party MPs, led by Sathit Wongnongtoey, filed a petition with the National Ombudsman asking for a ruling on whether this violated the constitutionally guaranteed freedom of the press.

THAKSIN OFFERS HIS VIEWS- "DON'T DRAG ME INTO THE MATTER"

17. (U) On September 22, at his weekly press conference, PM Thaksin denied any involvement in last week's incidents. He admitted that he knew Paiboon well but said that "it [would be] a stupid move for me to buy into Matichon for political and business reasons," since there were so many other media outlets in the country. He saw the hostile takeover attempt as a normal stock transaction, and added that he did not devote himself to any business dealings since he became Prime Minister. Regarding his former ally Sondhi, the PM said that his administration had not been involved in the show's cancellation, but that it was within the rights of MCOT and Channel 9 to cancel a program it felt was inappropriate.

BOYCE